

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-07 EUR-12 NEA-10

IO-13 ERDA-05 AID-05 CEA-01 CIAE-00 COME-00

EPG-02 DODE-00 FEAE-00 FPC-01 H-01 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-07

SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PRS-01 PA-01

/153 W

-----009534 301732Z /46

R 300750Z JUN 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 1988

INFO AMEMBASSY ABIDJAN

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY CARACAS

AMEMBASSY DAKAR

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY FREETOWN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMCONSUL KADUNA

AMEMBASSY KUWAIT

AMEMBASSY LIBREVILLE

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY STOCKHOLM

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ENRG, EALR, NI

SUBJECT: NIGERIA APPEARS CONFIDENT OF MAINTAINING HIGH
CRUDE OIL PRICE IN THIRD QUARTER DESPITE RECENT MARKETING
DIFFICULTIES.

1. NIGERIAN OIL PRICING POLICY HAS BEEN AGGRESSIVE IN PAST TWO

YEARS, AND AT MOMENT NIGERIA STANDS OUT AS THE HAWK AMONG PRODUCERS OF LIGHT, LOW-SULPHUR CRUDES (A GROUP WHICH INCLUDES ALGERIA, LIBYA, INDONESIA AND NORTH SEA PRODUCERS). HOWEVER, WITH NIGERIAN CRUDE NOW SOME 70 CENTS HIGHER IN PRICE THAN COMPARABLE LIBYAN OIL, MANY BUYERS ARE CAUGHT BETWEEN A HARD PLACE AND A ROCK. THEY DARE NOT REFUSE TO LIFT CONTRACTED VOLUMES FOR FEAR OF LOSING THEIR ACCESS TO NIGERIA'S HIGHLY DESIREABLE OIL IN THE FUTURE, BUT AT SAME TIME FIND THEY CANNOT SELL THE OIL THEY FORCED TO TAKE. MANY THIRD PARTY CUSTOMERS (THOSE WITHOUT THEIR OWN NIGERIAN PRODUCTION) HAVE DELAYED SHIP ARRIVALS AS LONG AS POSSIBLE WITH RESULT THAT THREE LARGEST PRODUCING COMPANIES, THEIR OWN STORAGE TANKS BRIMMING, HAVE INTERMITTENTLY BEEN FORCED TO SHUT DOWN PRODUCTION. PRODUCING COMPANIES THEMSELVES HAVE BEEN LIFTING VOLUMES IN EXCESS OF THEIR CONTRACTS BUT SOME NOW FIND THAT U.S. DEMAND IS UNEXPECTEDLY SLACK AND THEIR OWN REFINERIES ARE BALKING AT RECEIVING ADDITIONAL SHIPLOADS. CONSEQUENTLY, WE HEAR REPORTS THAT UP TO A DOZEN CARGOES OF NIGERIAN CRUDE ARE AFLOAT SEEKING SPOT BUYERS AT STEEP DISCOUNTS WITHOUT SUCCESS.

2. INDUSTRY SOURCES SAY FMG, WHICH HAS PREVIOUSLY BEEN ANXIOUS TO AVOID BEING IDENTIFIED AS A RADICAL OR APPEARING INEPT ON OIL MATTERS, IS EMBARRASSED BY THIS SITUATION AND THAT THE YOUNG OFFICIALS WHO HAVE SPEARHEADED AGGRESSIVE PRICE POLICY OF PAST TWO YEARS (OLADIRAN FAWIBE, ACTING MARKETING MANAGER OF FORMER NIGERIAN NATIONAL OIL CORPORATION, AND OLU OKANLA, ASSISTANT LIMITED OFFICIAL USE

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DIRECTOR FOR ECONOMIC AND OPEC AFFAIRS OF FORMER MINISTRY OF PETROLEUM RESOURCES) ARE IN HOT WATER. ON THE OTHER HAND, OIL COMPANY OFFICIALS WHO RECENTLY DISCUSSED THEIR MARKETING PROBLEMS WITH THESE TWO AND OTHER MORE SENIOR OFFICIALS AT NEW NIGERIAN NATIONAL PETROLEUM CORPORATION (WHICH REPLACED BOTH NNOC AND MPR) HAVE BEEN TOLD NNPC NOT AT ALL CONVINCED IT WILL HAVE TO LOWER ITS PRICES. IN PARTICULAR, NNPC OFFICIALS TOLD ONE COMPANY THEY ANTICIPATE THAT U.S.G. PURCHASES OF CRUDE FOR STRATEGIC RESERVE WILL INCLUDE SUFFICIENT VOLUMES OF LIGHT LOW-SULPHUR CRUDES TO ABSORB MOST OF CURRENT EXCESS SUPPLY. EASUM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PETROLEUM, PRICES, QUARTERLY REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS07318
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770234-0136
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t1977064/aaaaacpz.tel
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Exemptions: n/a
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Subject: NIGERIA APPEARS CONFIDENT OF MAINTAINING HIGH CRUDE OIL PRICE IN THIRD QUARTER DESPITE RECENT MARKETING DIFFICULTIES.
TAGS: ENRG, EALR, NI
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7271e779-c288-dd11-92da-001cc4696bcc
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